

The Trend in Finance

Collapse of German Mark, Foreshadowing Crisis, Is Outstanding Development of Week; Securities Firmer on Reinvestment Demand

IN THE panorama of events of the last week, the two developments stand out. The first—of more ephemeral interest than the other—was the substantial improvement in the security markets resulting in a measure from the flow of July reinvestments funds into the market place. The second was the dramatic collapse of the German mark to hitherto unexplored depths of depression. On Friday the Teuton unit of currency was quoted at .18% of a cent, which is the nearest to the vanishing point that it has yet been.

The mark is telling a story to the world that cannot be ignored. By its market action it is reminding observers that Germany is reaching the logical conclusion of an absurd policy of printing press finance, blended of folly and necessity. A discussion of German finances, involving, as it does, reparations, in the terms of fundamental economics cannot much longer be safely deferred.

Meantime the domestic security markets reflected no fears of the possible reaction of a collapse in the German financial structure on American business. Indications that the railroad shippers were isolated in their strike against the management cleared the atmosphere from potential doubts as to possible serious effects from the cleavage. Both railroad and industrial stocks moved upward during the week, as bond quotations, led by Liberty bonds, which reached the highest prices since their issuance, swung to higher levels. At the close of the week there was a reaction from the highest prices.

A curious aspect of the new tax law which has challenged little attention is the provision dealing with the exchange of bonds. Under the law, if discount bonds are held to maturity the holder must count as profit the difference between the purchase price and the redemption price. Conversely, on premium bonds he may deduct the difference and regard it as a loss for tax purposes. This method of taxation ignores the whole theory of yields, and to an extent little realized throws off the calculations of yield tables. The new provision, however, makes it possible to obviate the need of paying a tax on the so-called "profit" on a bond by enabling the holder to exchange it for another bond instead of selling it. According to the interpretation given by competent experts, such an exchange eliminates the tax element which would arise from the selling of the bond and a profit or a loss. Except from this new exchange feature, the premium bond, against which the investor has long been prejudiced, would—other factors being equal—be more attractive than the discount bond.

The cave-in of Germany's financial structure is now felt in banking circles both here and abroad to be close at hand. The spread of this conviction has ruled the course of the foreign exchanges, whose movement has reflected general nervousness as to the significance and outcome of such a collapse, the uncertainty developing not so much upon Germany's condition, which is obvious, and her action, which will be controlled presumably by her creditors, but upon the effect of the event upon the French attitude and upon subsequent developments. It is believed that Germany insolvent cannot

be raised to financial soundness unless there is a reconsideration of the question of reparations. American and British bankers see the wisdom and the necessity of this. France, concededly not without some justification, has persistently and, with her power of veto, successfully opposed it. The decline of the mark to .18% of a cent, the depreciation of francs and lire to their values at this time in 1921, the slipping of the other Continental exchanges, are all traceable to the obsolescence of the German prospects. The dwindling values of these currencies have been accentuated by their previous speculative soaring to figures that was overoptimistic as measured by cold facts. Sterling's recent action, its record being one of comparative stability in the face of the decline, presents something of an anomaly. In this connection, bankers emphasize the unquestioned independent strength of the British position. In some quarters, moreover, the view is taken that solution of Europe's problems will be hastened by German insolvency, forcing recognition of the real situation, and that anything which operates to bring such a solution nearer is to the particular advantage of England. To strengthen the position of sterling—and possibly to prepare for the payment of interest on the British loan from the United States Treasury—Great Britain has resumed shipping gold to this center.

Progress of money easement last week was superficially nil. Offerings of funds in the open markets were more limited and rates held at least firm. In the case of call loans the charge on the average was unexpectedly stiff, the rate soaring to 5 per cent. The bank statements, registering a generous flow of funds into the interior, disclosed the basis of the apparent check to underlying tendencies at this center. Conditions for the moment were dependent upon an unexpectedly heavy shifting of money in connection with the monthly disbursements. The disturbance these created in June was important, but this month it has been even more marked. Fundamentally the money and credit situation is unaltered as to trend and bankers are confident that until commercial demand revives with the approach of fall the gradual movement toward lower interest rates will obtain.

The Week in Retrospect

MONDAY—Cotton jumps almost \$9 a bale as United States forecasts crop of 11,065,000 bales.

WEDNESDAY—Germany is reported on the verge of declaring a state of bankruptcy.

THURSDAY—Mexican oil conference ends without final agreement.

FRIDAY—German marks reach new low at .18% of a cent.

Summary of Stock Exchange Dealings

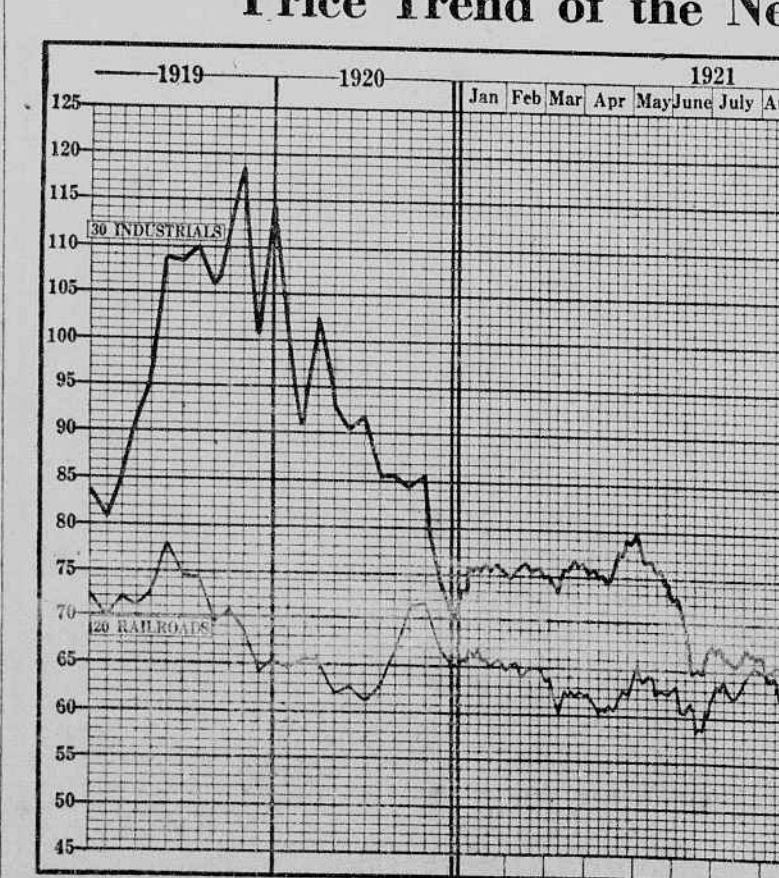
	Week before	Year ago	1921	1920
Railroad stocks	644,100	592,200	454,100	24,709,500
Other stocks	2,296,000	2,671,000	109,685,400	69,401,300
All stocks	2,940,100	3,419,200	149,394,600	94,110,800

	Week before	Year ago	1921	1920
U. S. government bonds	\$31,826,000	\$14,667,000	\$20,794,000	\$1,031,683,000
Other bonds	16,732,000	16,691,000	16,093,000	617,835,000
All bonds	48,558,000	31,358,000	36,887,000	1,649,518,000

Record of Stock and Bond Averages

	High	Low	Range Jan. 1 to date	Range full year 1921
20 Railroads	76.20	73.30	63.60	76.20
30 Industrials	91.13	80.07	67.63	92.27
50 Stocks	85.16	83.42	68.90	83.42
10 Railroads	86.45	85.39	73.22	86.45
10 Industrials	91.00	80.64	63.36	91.35
6 Utilities	85.40	82.22	73.00	87.03
25 Bonds	88.05	87.58	77.30	88.27

Price Trend of the New York Stock Market



The graph shows the fluctuations in the average price of twenty railroad stocks in one line and thirty industrial stocks in the other since January 1, 1919. Fluctuations during 1919 and 1920 are revealed by months, and since January, 1921, by weeks.

Transactions Last Week in Listed Stocks

High	Date	Low	Date	Div.	High	Date	Low	Date	Div.	High	Date	Low	Date	Div.
1922.	1922.	1922.	1922.		1922.	1922.	1922.	1922.		1922.	1922.	1922.	1922.	
69	Mar 29	48	Jan 13	Adams Express	700	63 1/2	62 1/2	62 1/2	2 1/2	71	June 3	45 1/2	Jan 4	Continental Can.
50 1/2	June 6	31 1/2	Jan 10	Advance Rmely pf.	200	48 1/2	48 1/2	49 1/2	1 1/2	85	June 23	46 1/2	Jan 3	Corn Insurance
57 1/2	Mar 28	45 1/2	Jan 3	Air Reduction	300	53 1/2	53	53	1	108 1/2	Mar 31	91 1/2	Jan 4	Corn Products
18 1/2	May 10	13 1/2	Jan 26	Alax Rubber	1800	18	15 1/2	16	3 1/2	118 1/2	June 23	111	Jan 10	do pf
7 1/2	May 10	13 1/2	Jan 26	Alaska Gold Mines	800	12 1/2	12 1/2	12 1/2	1 1/2	85 1/2	June 7	10 1/2	Jan 10	Cooden & Co.
2	May 17	5 1/2	Jan 4	Alaska Juneau	900	1 1/2	1 1/2	1 1/2	1 1/2	97 1/2	June 15	95	Jan 23	do pf
72 1/2	May 26	55 1/2	Jan 4	Allied Chem & Dye	4200	69 1/2	67 1/2	69 1/2	1 1/2	27 1/2	May 13	52 1/2	Feb 28	Crucible Steel
110	June 14	101	Jan 3	do pf	500	109 1/2	108	109 1/2	1 1/2	27 1/2	June 15	14 1/2	Jan 3	Cuban-Am Sugar
52	Apr 22	37 1/2	Jan 4	Allis Chalmers	5500	50 1/2	48 1/2	49 1/2	1 1/2	94 1/2	Apr 18	78 1/2	Jan 17	do pf
110	June 23	88 1/2	Jan 5	do pf	190	100	96	96	1 1/2	19 1/2	Mar 15	8 1/2	Jan 10	Cuba Cane Sugar
40 1/2	June 1	29 1/2	Jan 30	Amer Agri Chem	1900	39 1/2	38 1/2	39 1/2	1 1/2	40 1/2	Mar 15	15 1/2	Jan 3	do pf
72 1/2	Mar 13	65 1/2	Jan 18	do pf	600	64 1/2	63 1/2	64 1/2	1 1/2	65 1/2	Apr 6	43	Jan 13	Davison Chemical
49	June 9	31 1/2	Jan 3	Amer Beet Sugar	1800	47	44	45	1 1/2	24 1/2	June 15	15 1/2	Jan 13	De Beers Co
49	Apr 11	31 1/2	Jan 31	Amer Bosch Max	1100	41 1/2	39 1/2	41 1/2	1 1/2	120	May 22	106 1/2	Jan 3	Delaware & Hudson
63 1/2	Apr 2	51	Jan 4	Amer Brake S & F	1300	63 1/2	60 1/2	61 1/2	1 1/2	130 1/2	June 6	110 1/2	Feb 11	Eastman Kodak
108 1/2	June 14	98 1/2	Jan 18	do pf	100	108	107 1/2	108	1 1/2	108 1/2	May 24	106 1/2	Jan 11	Detroit Edison
104	June 3	92 1/2	Jan 6	Amer Can	14500	51	46 1/2	49 1/2	1 1/2	30 1/2	June 24	18 1/2	Feb 4	Dome Mines
106	May 17	93 1/2	Jan 3	do pf	500	106	105 1/2	106	1 1/2	6	Apr 25	2 1/2	Jan 26	Duluth, So Sh & At
169	June 9	141	Jan 10	Amer Car & Pdy	1400	165 1/2	161 1/2	161 1/2	1 1/2	150	July 5	115	May 25	Dupont de Nemours
121 1/2	June 6	115 1/2	Jan 7	do pf	85	121 1/2	121	121 1/2	1 1/2	111 1/2	June 8	100 1/2	Jan 12	do pf
34 1/2	June 1	19 1/2	Jan 30	Amer Chlorine	2300	11 1/2	9 1/2	11	1 1/2	77 1/2	June 12	70	July 3	Eastman Kodak
6 1/2	Jan 21	4 1/2	Jan 12	Amer Cotton Oil	100	27 1/2	26 1/2	26 1/2	1 1/2	23 1/2	June 14	14 1/2	Jan 25	Elk Horn Coal
143 1/2	Jan 12	126	Jan 12	Amer Drug Synd	700	57	55 1/2	55 1/2	1 1/2	48	June 2	40 1/2	Jan 17	Electric Storage Bat
17 1/2	June 13	12	Jan 12	Amer Express	400	133	133	133	1 1/2	11 1/2	Jan 2	5 1/2	Jan 3	Emerson-Brand
100	May 31	88	Jan 3	Amer Hilde & Leath	1100	70	68	69	1 1/2	113	June 23	105	Jan 7	Endicott-Johnson
114 1/2	May 31	78	Jan 12	Amer Ice	900	105 1/2	104 1/2	104 1/2	1 1/2	13 1/2	May 23	7 1/2	Jan 9	do pf
92 1/2	May 26	72	Jan 4	do pf	500	89	85 1/2	85 1/2	1 1/2	27 1/2	May 23	11 1/2	Jan 9	do pf
99 1/2	June 2	38 1/2	Jan 5	Amer Inter Corp	3300	43 1/2	41 1/2	41 1/2	1 1/2	20 1/2	May 23	7 1/2	Jan 9	do pf
103 1/2	May 19	82 1/2	Jan 4	Amer Radiator	300	95 1/2	95 1/2	95 1/2	1 1/2	87 1/2	June 2	70 1/2	Jan 8	Fam Players-Lasky
130 1/2	May 19	9 1/2	Jan 12	Amer La-Fra Fire E	1500	133 1/2	133	133 1/2	1 1/2	99	May 19	11 1/2	Jan 28	do pf
40 1/2	June 1	29 1/2	Jan 30	Amer Linseed	4100	35 1/2	33 1/2	33 1/2	1 1/2	16 1/2	May 19	9	Jan 4	Fed Min & Smelt.
60 1/2	June 1	53	Jan 30	do pf	500	55	54 1/2	55	1 1/2	63 1/2	May 19	37	Mar 24	do pf
117 1/2	Apr 22	102	Jan 5	Amer Locomotive	2900	114 1/2	111	112 1/2	1 1/2	127 1/2	Apr 20	75	Jan 25	Fisher Body
118 1/2	June 7	112	Jan 6	do pf	200	117 1/2	117	117 1/2	1 1/2	113 1/2	June 13	100 1/2	Jan 5	do pf
8 1/2	May 5	3 1/2	Jan 26	Amer Safety Razor	3500	21	19	19	1 1/2	103 1/2	June 13	75 1/2	Jan 5	do pf
26 1/2	May 29	6 1/2	Jan 3	Amer Ship & Com	4800	21	19	19	1 1/2	19 1/2	May 5	11 1/2	Jan 10	Fisk Rubber Tire
67 1/2	May 19	43 1/2	Jan 5	Amer Smelting	4800	62 1/2	59	60 1/2	1 1/2	26 1/2	June 3	12 1/2	Jan 23	Freeport-Texas
90	May 26	68 1/2	Jan 4	do pf	2200	98 1/2	96 1/2	97 1/2	1 1/2	67 1/2	June 2	45 1/2	Jan 14	Gen Amer Tank
138 1/2	Feb 16	109 1/2	Jan 12	Amer Smelt	200	93	93	93	1 1/2	105	June 1	99	Jan 5	Gen Asphalt
105 1/2	Apr 6	90	Feb 24	do pf	75	95 1/2	94 1/2	95 1/2	1 1/2	79	June 8	65	Mar 6	Gen Cigar
40 1/2	Apr 24	30 1/2	Jan 25	Amer Steel Edy	2900	36 1/2	35 1/2	36 1/2	1 1/2	102	May 23	94	Jan 5	do pf
57 1/2	July 7	47	Jan 7	do pf	300	100	99 1/2	99 1/2	1 1/2	169	July 13	136	Jan 8	Gen Electric
105 1/2	July 7	105 1/2	Jan 7	Amer Sugar	3100	80 1/2	79	80 1/2	1 1/2	83 1/2	June 29	69	Jan 26	Gen Motors
124 1/2	May 29	123 1/2	Jan 5	Amer Sumatra Tob	600	40	38 1/2	40	1 1/2	84	June 28	67 1/2	Mar 6	do pf
142 1/2	Mar 14	114 1/2	Jan 4	Amer Tel & Tel	5600	120 1/2	120 1/2	120 1/2	1 1/2	97	June 28	79 1/2	Feb 17	do pf
124 1/2	May 29	123 1/2	Jan 5	Amer Tobacco	1600	142 1/2	142 1/2	142 1/2	1 1/2	19 1/2	June 3	13 1/2	Jan 30	Glidden Co
104 1/2	May 31	126	Jan 12	do pf	300	102 1/2	102	102 1/2	1 1/2	91	Apr 21	80 1/2	Jan 7	Glenrich, B. F.
142 1/2	May 31	126	Jan 12	Amer Tel & Cable	200	59	59	59	1 1/2	35	May 21	25	Apr 27	do pf
17 1/2	June 6	6	Jan 9	Amer Water Works	4800	17 1/2	15 1/2	16 1/2	1 1/2	19 1/2	May 31	12	Jan 3	Granby Mining
42 1/2	June 17	17 1/2	Jan 4	do pf	1500	42 1/2	37 1/2	41	3	45 1/2	Apr 13	31 1/2	Jan 13	Gray & Davis
88 1/2	June 6	7 1/2	Jan 4	do pf	75	95 1/2	94 1/2	95 1/2	1 1/2	79	June 8	65	Mar 6	Gray & Davis
90 1/2	Apr 17	78 1/2	Jan 10	Amer Woolen	4800	90 1/2	88 1/2	89 1/2	1 1/2	25 1/2	Apr 29	25 1/2	Feb 27	Gray & Davis
37 1/2	Apr 15	22 1/2	Jan 13	Amer Writ Paper pf	200	29 1/2	28 1/2	29 1/2	1 1/2	14 1/2	May 15	8 1/2	Feb 17	Guantanamo Sugar
20 1/2	May 18	12 1/2	Jan 3	Amer Zinc & Lead	800	18	17	17 1/2	1 1/2	19	May 2	6	Jan 4	Gulf, Mob & North.
103 1/2	May 19	82 1/2	Jan 4	Amer Zinc & Lead	1850	53 1/2	51 1/2	52 1/2	1 1/2	16 1/2	May 19	11 1/2	Jan 9	do pf
15 1/2	May 24	29	Jan 30	Ann Arbor pf	100	11 1/2	10 1/2	11 1/2	1 1/2	90 1/2	June 20	44 1/2	Jan 9	Gen Motors
57 1/2	Mar 17	43	Jan 5	Asso Dry Goods	1200	55	53 1/2	54 1/2	1 1/2	3 1/2	Mar 16	34	Jan 20	Habishaw Elec
83 1/2	Apr 21	75	Jan 6	do 1st pf	200	80 1/2	80 1/2	80 1/2	1 1/2	20 1/2	Jan 13	82	Jan 3	Hartman Corp
102	May 9	99	Jan 31	Asso Oil	900	118 1/2	111	112	1 1/2	26 1/2	June 1	15	Jan 12	Hendee Mfg
102	May 20	81 1/2	Jan 12	Atlas Top & San F	500	102	99 1/2	101	1 1/2	85	June 3	70	Jan 9	Hometek Mining
91 1/2	June 20	85	Jan 12	do pf	150	91 1/2	90 1/2	91 1/2	1 1/2	85	June 3	70	Jan 9	Hudson Motor
5 1/2	Apr 17	3	Jan 5	Atl, Birm & Atl	1000	3 1/2	3 1/2	3 1/2	1 1/2	34	June 15	20 1/2	Jan 29	Hudson Motor
111 1/2	June 6	83	Jan 9	Atlantic Coast Line	5000	111 1/2	104	108 1/2	1 1/2	21 1/2	June 28	10 1/2	Jan 6	Huff Motors
43 1/2	May 29	23 1/2	Jan 3	Atlantic Refg pf	2200	27 1/2	25 1/2	26 1/2	1 1/2	16 1/2	June 2	3 1/2	Feb 17	Hydraulic Steel
31 1/2	May 29	23 1/2	Jan 3	do pf	600	26 1/2	24 1/2	25 1/2	1 1/2	16 1/2	June 2	3 1/2	Feb 17	Hydraulic Steel
118 1/2	June 10	114	Apr 7	Atlantic Refg pf	200	117 1/2	117 1/2	117 1/2	1 1/2	43	May 1	3 1/2	Jan 10	Illinois Central
22 1/2	June 10	114	Apr 7	Atlas Powder	100	130	130	130	1 1/2	2 1/2	June 9	6 1/2	Jan 16	Indiana Refg
33 1/2	June 8	9 1/2	Jan 28	Austin Nickel	100	17 1/2	17 1/2	17 1/2	1 1/2	45	June 1	37 1/2	Feb 17	Inspiration Copper
90	June 1	68	Jan 9	do pf	200	85	85	85	1 1/2	12 1/2	Apr 7	3 1/2	Feb 17	Inter Cons Copper
61 1/2	June 3	32 1/2	Jan 6	Amer Can	14500	51	46 1/2	49 1/2	1 1/2	3 1/2	Mar 14	33	Jan 10	Inter Cons Copper
20 1/2	June 1	9 1/2	Jan 10	Baldwin Loco	16900	115 1/2	112 1/2	113 1/2	1 1/2	38 1/2	May 8	26	Jan 24	Inter Cement
14 1/2	June 2	10 1/2	Jan 26	do pf	100	113 1/2	113 1/2	113 1/2	1 1/2	28 1/2	Apr 7	20 1/2	June 12	Inter Combustion
51 1/2	July 7	33 1/2	Jan 26	Baldwin Loco	1200	62 1/2	61 1/2	61 1/2	1 1/2	106 1/2	June 20	22 1/2	June 6	Inter Gt Northern
62 1/2	July 7	33 1/2	Jan 26	Baldwin Loco	1200	62 1/2	61 1/2	61 1/2	1 1/2	106 1/2	June 20	22 1/2	June 6	Inter Gt Northern
69 1/2	Apr 27	19 1/2	Jan 16	Barnsdall A	2200	36 1/2	34 1/2	35 1/2	1 1/2	117	July 6	105 1/2	Feb 14	Inter Harvester
50	Apr 27	19 1/2	Jan 16	do B Bros	400	30 1/2	28 1/2	29 1/2	1 1/2	27 1/2	May 3	13 1/2	Jan 4	Inter Mar Marine
1 1/2	May 31	33	Jan 14	Batopila Mining	100	46 1/2	46 1/2	46 1/2	1 1/2	67 1/2	May 3	62 1/2	Jan 4	do pf
79	May 12	51	Jan 10	Belhemo Steel	1000	75	73	74	1 1/2	54 1/2	May 3	62 1/2	Jan 4	do pf
82 1/2	May 12	55 1/2	Jan 3	do Class B	5100	77	75	76	1 1/2	71 1/2	May 3	62 1/2	Jan 4	do pf
116 1/2	June 14	100	Jan 7	do 7a pf	100	97	97	97	1 1/2	20 1/2	Apr 17	12 1/2	Jan 6	Inter Nickel
8 1/2	June 18	43	Jan 10	Booth Fisheries	600	8	7 1/2	7 1/2	1 1/2	35 1/2	June 2	24	Jan 5	Inter Paper
14 1/2	June 8	8 1/2	Jan 17	Brit Empire Steel	200	10 1/2	10 1/2	10 1/2	1 1/2	4	June 2	3 1/2	Jan 6	Invalible Oil
77 1/2	May 17	58	Jan 2	do 1st pf	100	73 1/2	73 1/2	73 1/2	1 1/2	30 1/2	Apr 25	22 1/2	Jan 26	Iron Products Corp
36 1/2	May 17	58	Jan 2	do 2d pf	1400	30 1/2	30 1/2	30 1/2	1 1/2	59 1/2	Apr 25	22 1/2	Jan 26	Island Oil
110	Jan 20	100	Jan 8	Bklyn Rap Tran	7300	28 1/2	26 1/2	27 1/2	1 1/2	7 1/2	Jan 3	4	Jan 16	Jones Bros Tea
29	June 30	63 1												